

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-6:** The student will demonstrate an understanding of the roles that federal, state, and local governments play in the operation of markets in the United States.

**ECON-6.2** Summarize major sources of government revenue, including taxation at the federal, state, and local levels and tax revenues from personal income and payroll taxes, sales taxes, and property taxes. (E)

**Taxonomy Level:** A 2 Understanding /Factual Knowledge

**Previous/future knowledge:**

In first grade (1-4.2) students identified the different levels of government—local, state, and national. In second grade (2-3.3) students explained the ways that local and state governments contribute to the federal system, including law enforcement and highway construction. Later, in third grade (3-3.4, 3-5.7) students outlined the current structure of state government, including the branches of government; the names of the representative bodies; and the role that cities, towns, and counties play in this system and summarized the rights and responsibilities that contemporary South Carolinians have in the schools, the community, the state, and the nation. Fourth grade students (4-3.1) explained the political and economic factors leading to the American Revolution, including the French and Indian War; British colonial policies such as the Stamp Act, the Tea Act, and the so-called Intolerable Acts.

In sixth grade (6-6.2) students compared the incentives of the various European countries to explore and settle new lands. Eighth grade students (8-2.1) explained the interests and roles of South Carolinians in the events leading to the American Revolution, including the state's reactions to the Stamp Act and the Tea Act. Also in eighth grade (8-6.1) students summarized the progressive reform movement in South Carolina, including the motivation of progressives; child labor laws; Prohibition; improvements to roads, hospitals, and libraries; tax reforms; changes to local government systems; and the roles of significant state governors and women's groups.

In high school U.S. History (USHC-5.2) students summarized the factors that influenced the economic growth of the United States and its emergence as an industrial power, including the abundance of natural resources; government support and protection in the form of tariffs, labor policies, and subsidies; and the expansion of international markets associated with industrialization. United States History (USHC 7.4) students explained the causes and effects of the stock market crash of 1929 and the Great Depression, including the disparity in incomes, limited government regulation, stock market speculation, and the collapse of the farm economy; wealth distribution, investment, and taxes; government policies and the Federal Reserve System; and the effects of the Depression on human beings and the environment. Also in high school (USHC 8.3, USHC 10.2) students summarized the impact of World War II and war mobilization on the home front, including war bond drives, rationing, the role of women and minorities in the

workforce and also summarized key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity. In U.S. government (USG-1.1) students summarized arguments for the necessity and purpose of government and politics, including the idea that politics enables a group of people with diverse opinions and interests to reach collective decisions, the idea that government gives people the security they need in order to reach their full potential, and the idea that the purposes of government include enhancing economic prosperity and providing for national security. Also in United States government (USG 3.2), students explained the organization and responsibilities of local and state governments, including the purposes and functions of state constitutions; reserved and concurrent powers in the states; the relationships among national, state, and local levels of government; and the structure and operation of South Carolina's government. As well, United States government students (USG-5.2) summarized commonly held personal and civic responsibilities and their significance in maintaining a democracy, including voting, serving as a juror, obeying the law, paying taxes, and serving in the military.

### **Future Knowledge**

While no future knowledge is required students must have a basic foundation of knowledge concerning the economic role of government. As young adults, students will be faced with all types of taxation. Thus, students should understand the different types of taxes that generate revenue for local, state, and federal government and should moreover, have a basic understanding of what this taxation pays for. Students should also understand that additional goods and services provided or subsidized by the government come at a cost; either additional taxation or reduced goods and services elsewhere. A basic knowledge of the sources and uses of government revenue from taxation also ensures that students will be well-informed citizens and voters.

### **It is essential for students to know**

It is essential for students to know that various governmental entities – local, state, and federal; receive funding largely from different sources of tax revenue. Students must also know that various governmental entities use this revenue to provide essential public services. For example, local governments fund public services such as water, sewer, trash pickup; state governments fund education and some highways; and the Federal government funds national defense, national highways, and regulates airports among others.

It is essential that students be able to define different types of taxation like personal income and payroll taxes, sales taxes, and property taxes. As well, students should know the difference between regressive and progressive forms of taxation. Students should also know the destination of various payroll taxes collected by employers.

### **It is not essential for students to know**

Students do not need to have a detailed understanding of government tax law nor do they need a detailed understanding of tax codes. Also, students do not need to know how to fill out personal income tax forms. It is also not essential for students to know different theories of taxation related to the burden of taxation and individual income elasticity. Students also do not need to understand any of the ethical debates surrounding issues of taxation.

**Assessment guidelines:**

Appropriate assessment requires students to *summarize* major sources of government revenue; therefore, the primary focus of assessment should be for students to *identify* different types of taxation used to generate revenue and to *clarify* how this revenue is used across government entities.